

# *News and Information*

*from the Tennessee Division of Consumer Affairs*

*615.741.4737 or toll-free 800.342.8385*

*www.state.tn.us/consumer*

---

FOR IMMEDIATE RELEASE

May 25, 1999

CONTACT:

Mark Williams

Sharon Curtis-Flair

## **TN ATTORNEY GENERAL ANNOUNCES \$50 MILLION ANTITRUST SETTLEMENT TO PROVIDE CASH & TOYS FOR KIDS**

Thousands of needy Tennessee children will receive free toys for the next three holiday seasons as the result of a multistate antitrust settlement with Toys "R" Us and toy manufacturers Mattel and The Little Tikes Company.

Tennessee Attorney General Paul Summers said that Tennessee's share of the more than \$50 million settlement will include approximately \$646,000 in free toys and cash. The toys will likely be distributed through the Marine Corps Toys for Tots program. The settlement, entered into by the Attorney General's Office in conjunction with the Tennessee Division of Consumer Affairs, will be paid in three equal installments. The toys are scheduled to arrive in various Tennessee cities before Thanksgiving over the next three years.

"We are pleased to see this case brought to such a favorable conclusion," Attorney General Summers said. "This is truly a blessing to children whose parents could not normally afford to buy such luxuries as toys, especially during the holiday season."

Last December, the Marine Corps Toys for Tots program distributed 8,825 toys valued at \$70,586 to Tennessee as a result of a settlement with Hasbro, Inc. in this same case. Hasbro's total settlement with 50 states was \$5.95 million in toys and cash payments.

The agreements filed today, which are still subject to court approval, settle an antitrust lawsuit that was filed initially by the New York State Attorney General. Attorneys General in 44 other states, and the District of Columbia, and the Commonwealth of Puerto Rico have since joined the settlement agreements. The lawsuit alleged that Toys "R" Us orchestrated illegal agreements among toy manufacturers to restrict or limit the supply of certain popular toys to warehouse clubs.

The complaint alleges that in an attempt to limit the competitive threat posed by low-margin, low price warehouse clubs, Toys "R" Us used its market power to obtain agreements with and among toy manufacturers to limit the sale of certain toys to clubs or to sell toys to clubs only in "combination packs" to ensure that consumers could not easily compare the retail prices charged by the clubs to those charged by Toys "R" Us.

As part of the settlement, Toys "R" Us will pay \$40,500,000 in cash and toys. Mattel, the nation's largest toy manufacturer, will pay \$8,222,900 in cash and toys and the Little Tikes Company will pay cash and toys totaling \$1,316,250. Toy Manufacturer Hasbro, also a defendant in this lawsuit, previously agreed to pay \$5,950,000 in cash and toys. The defendants admit no wrongdoing.

The toys provided as part of the settlements will be distributed to children in all 50 states, the District of Columbia and Puerto Rico. The toys and the cash payments will be divided among the states in shares based on each state's population.

Assistant Attorney General George Bell handled the case for the Tennessee Attorney General's Office.